



Southern Internal Audit Partnership

Assurance through excellence
and innovation

WEST SUSSEX COUNTY COUNCIL INTERNAL AUDIT PROGRESS REPORT DECEMBER 2022

Prepared by: Neil Pitman, Head of Partnership
December 2022

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The County Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the County Council that these arrangements are in place and operating effectively.

The County Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

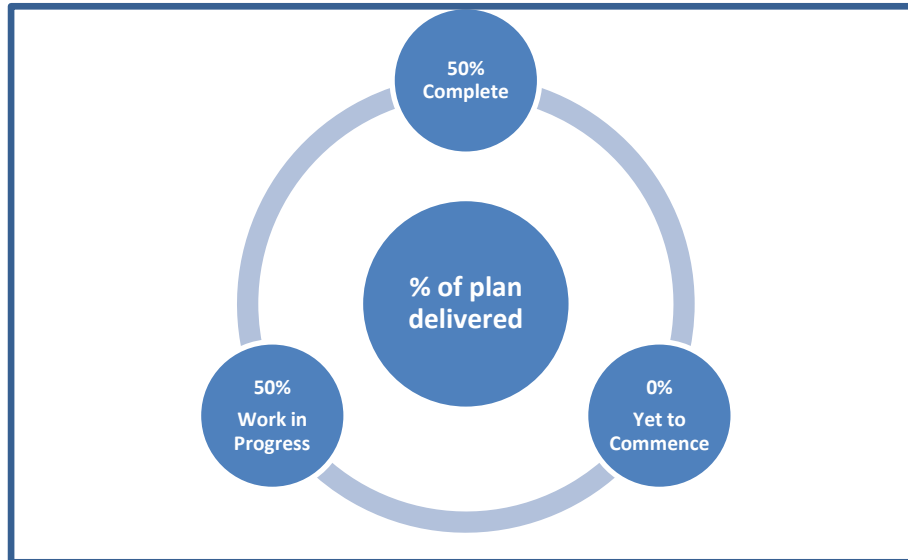
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.'

'We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Accepted	Not Yet Due	Complete	Overdue		
								L	M	H
School Traded Services	Mar 2021	DCYP&L	Reasonable	7	0	0	6			1
S75 Governance	Apr 2021	JSDC	Limited	12	0	0	10		2	
Cyber Security (Risk Treatment)	Jul 2021	DFSS	Reasonable	3	0	1	1		1	
Home to School Transport	Nov 21	DPS	Reasonable	7	0	0	6		1	
Annual Governance Statement	Nov 21	DL&A	Reasonable	9	0	0	8		1	
WSFRS Fleet Management	Nov 21	CFO	Reasonable	3	0	0	2		1	
Special Schools Funding Thematic	Nov 21	DCYP&L	Reasonable	4	0	0	0	2	2	
WSFRS Operational Training delivery	Jan 22	CFO	Limited	14	0	0	13		1	
Firewatch	Jan 22	CFO	Limited	4	0	0	3		1	
WSFRS Risk and Business Continuity	Mar 22	CFO	Reasonable	15	0	1	10		4	
IT Assurance Mapping	Apr 22	DFSS	Reasonable	6	0	0	4		1	1
Information Governance - GDPR	May 22	DL&A	Limited	19	0	0	16		3	
ITIL Process Transition	May 22	DFSS	Reasonable	6	0	2	4			
WSFRS Working Time Directive	May 22	CFO	No	10	0	7	0		1	2
Equality Impact Assessments	May 22	DPS	Limited	12	0	1	7		4	
Grenfell Action Plan	June 22	CFO	Reasonable	2	0	0	1			1
Climate Change Strategy	June 22	DPS	Reasonable	10	0	4	4		1	1
WSFRS Safe and Well Visits	July 22	CFO	Limited	13	0	5	8			
Financial Resilience and Savings Realisation Framework	July 22	DF&SS	Reasonable	2	0	1	1			
Adult's Income	July 22	DA&H	Limited	7	0	3	4			
Capital Project Delivery (Education)	Aug 22	DCYP&L / DPS	Limited	7	0	1	6			

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Accepted	Not Yet Due	Complete	Overdue		
								L	M	H
Adults Assurance – Provider Failure/Safeguarding/SAB	Sept 22	DA&H	Reasonable	5	0	1	4			
Adults Advocacy Service	Sept 22	DA&H	Limited	13	0	0	12		1	
Payments to Providers (HDP)	Oct 22	DA&H	Reasonable	8	0	7	1			
Company Governance Framework	Oct 22	DL&A	Reasonable	5	0	4	0	1		
HR Policy Decision Making	Nov 22	DHR/OD	Limited	12	0	0	7		5	
Promoting Wellbeing CQC	Jan 23	DA&H	Reasonable	5	0	1	4			
Adult Thematic – Medicine Control	Jan 23	DA&H	Reasonable	16	0	9	7			
Total								3	30	6


Overdue Management Actions - Direction of travel since August 2022 progress report +1 +8 -1

Audit Sponsor

Chief Executive
Becky Shaw

Chief Fire Officer (CFO) Sabrina Cohen- Hatton	Director of Adults & Health (DA&H) Alan Sinclair	Director of Children, Young People & Learning (DCYP&L) Lucy Butler	Director of Place Services (DPS) Lee Harris	Director of Finance & Support Services (DF&SS) Taryn Eves	Director of HR/OD (DHR/OD) Gavin Wright	Director of Law & Assurance (DL&A) Tony Kershaw
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5. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

HR Policy Decision Making		
Audit Sponsor	Assurance opinion	Management Actions
Director of Human Resources and Organisational Development	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 0</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 8</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 4</div> </div>

Summary of key observations:

The scope of this review focused on the processes in place for the authorisation and calculation of one-off payments such as settlement agreements, resettlement/removal expenses, mutual termination agreements, retention payments and loans to employees.


Signed requests for approval for three of the four settlement agreements tested and two of the signed settlement agreements were not available for review during the audit.

The employee loans scheme requires loans to be approved by the Director of HR&OD and the relevant service director, however all five loans in the sample tested had been approved by the Head of Business Support, CYPL.

A letter offering relocation expenses is issued at the time of appointment, and includes terms and conditions associated with the payment. The employee is also required to sign a declaration included in the letter that they accept the terms and conditions. We were not provided with the letter offering the relocation expenses to the employee and could not confirm that two of these had accepted the terms and conditions. Additionally, the Recruitment and Relocation Support Scheme requires receipts to be provided for the payment, and we were not provided with receipts for four of the six payments tested.

One payment of relocation expenses (not liable for deductions) had been erroneously made using the wage code for retention payments, and these are subject to tax and NI so the employee has been disadvantaged by this error. Also, HMRC has a ceiling of £8,000 for tax free relocation expense payments, with any over this being subject to deductions for tax and National Insurance. One of the payments selected was for £8,444.81 which had been paid gross.

Review of the policies and procedures for mutual termination/settlement agreements, payment of relocation expenses and retention payments highlighted that document owner, date of review, next date of review and version number is not always included on the document.

Adults Advocacy Service Contract Management		
Audit Sponsor	Assurance opinion	Management Actions
Director of Adult Services and Health	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 3</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 7</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 3</div> </div>

Summary of key observations:

The Adults Advocacy Service is supported by a contract to provide Independent Care Act Advocacy (ICAA) services, Independent Mental Care Advocacy (IMCA) and Paid Representatives (RPPR). The contract was procured in collaboration with four other commissioning bodies. Brighton & Hove City Council acts as the Contract Administration Manager and is the main contact between the Service Provider and the Commissioners. A Service Level Agreement (SLA) is in place between the four Commissioners to establish a framework of collaboration and help ensure the delivery of the contract arrangement.

The contract contains performance measures which outline the performance measures for each advocacy type. The contract also outlines the performance monitoring arrangements, however, performance reports received from the Provider were not compared against the requirements in the contract. Internal audits review of the reports for Q3 and Q4 (2021) found them to be incomplete and did not comprehensively report performance in line with the targets stipulated in the contracts. Additionally, there was no internal reporting, within WSCC, in respect of the Advocacy contract.

There was no guidance to assist the contract manager with regard the minimum contract documentation that should be retained for reference purposes to enable effective contract management. A copy of a contract agreement with the Provider was held, however was incomplete. A copy of the Service Level Agreement (SLA) between WSCC and the other commissioners was held although there was a discrepancy in the dates between the contract and the SLA.

The payment paid by WSCC was increased across the contract categories by approx. £17k p/a. Assurance was sought that this received appropriate approval, however, it was advised that the officer who approved the increase has since left WSCC and there is no documented audit trail available in support of the change

There was no risk log in place when the interim contract manager commenced in the role. Consequently, there has been no continued risk management process, i.e., no re-assessment of the potential risks to the successful achievement of WSCC contract outcomes.

No assurance is currently sought that the Provider remains financially capable of fulfilling the service provision, that they continue to hold the requisite insurance indemnity levels, and that they continue to perform robust employment checks on advocates.

Although the contract arrangement exceeds the Local Government Transparency threshold of £5k, the contract is not currently included in WSCC's published contracts register.

6. Planning & Resourcing

To ensure internal audit focus remains timely and relevant to the changing needs and requirements of the organisation that SIAP have adopted an approach of quarterly planning. The quarter 1, 2 and 3 plans were approved by the County Council's Executive Leadership Team and the Regulation, Audit & Accounts Committee in March, July and September 2022 respectively.

SIAP will continue to liaise with key stakeholders over the remainder of the year to develop ongoing quarterly plans.

The rolling work programme (section 7 below) outlines audit activity during 2021/22 and 2022/23 (Q1, Q2 & Q3).

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2021/22								
Adults Income	DA&H /DF&SS	✓	✓	✓	May 22	Jul 22	Limited	
Capital Project Delivery (Education)	DCYP&L / DPS	✓	✓	✓	Jun 22	Aug 22	Limited	
Accounts Receivable	DF&SS	✓	✓	✓	Jun 22	Aug 22	Reasonable	
Payments to Providers	DA&H	✓	✓	✓	Jul 22	Oct 22	Reasonable	
Assurance Mapping-Adult Services	DA&H	✓	✓	✓	May 22	Jul 22	Limited	
HR Policy Decision Making	DHR&OD	✓	✓	✓	Jul 22	Nov 22	Limited	
SEND Follow Up	DCYP&L	✓	✓	✓	Jul 22	Dec 22	N/A	
Contract Management Advocacy Services	DA&H	✓	✓	✓	Aug 22	Sep 22	Limited	
Local Energy Communities - 2 Seas Region	DPS	✓	✓	✓	May 22	Jul 22	Reasonable	
2022/23								
Company Governance Framework	DL&A	✓	✓	✓	Aug 22	Oct 22	Reasonable	
Capita Contract	DF&SS	✓	✓	✓	Aug 22	Aug 22	Substantial	
Children's Care Placements	DCYP&L	✓	✓	✓	Jan 23			
Grenfell Tower – Action Plan	CFO	✓	✓	✓	Jun 22	Jun 22	Reasonable	

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Schools –Building Upkeep / Maintenance	DCYP&L	✓	✓	✓				
SFVS	ADE&S	n/a	n/a	n/a	n/a	Jun 22	N/A	
Shaw Homes – Contract Management	DA&H	✓	✓	✓				Paused to Q4
Assurance Mapping – Adult Services	DA&H	✓	✓	✓	Aug 22	Sep 22	Reasonable	
Direct Payments	DA&H / DFS&S	✓	✓	✓	Nov 22			
Workforce Planning	DHR/OD	✓	✓	✓	Jan 23			
SmartCore (Oracle Fusion)	DF&SS	✓	✓	✓				
Procurement (Sub £100k)	DF&SS	✓	✓	✓	Sep 22			
Contract Management	Corporate	✓						
Use of Agency Staff	DHROD	✓	✓	✓	Aug 22	Sep 22	Reasonable	
XMA Contract Delivery	DF&SS	✓	✓	✓	Nov 22	Jan 23	Substantial	
WSFRS Overtime and TOIL	CFO	✓	✓					Paused to Q4
Accounts Payable	DF&SS	✓	✓	✓	Jan 23			
Care and Support Planning - CQC	DA&H	✓	✓	✓	Jan 23			
Information and Advice - CQC	DA&H	✓	✓	✓				
Promoting Wellbeing - CQC	DA&H	✓	✓	✓	Dec 22	Jan 23	Reasonable	
SEND Strategy	DCYP&L	✓	✓	✓				
Homes for Ukraine	DPS	✓						
Adult Thematic – Medicine Control	DA&H	✓	✓	✓	Dec 22	Jan 23	Reasonable	
Payroll	DHROD	✓	✓	✓	Jan 23			
Schools– Related Party Transactions	DCYP&L	✓	✓	✓				
Advocacy - CQC	DA&H	✓	✓	✓				
Children’s Transitions	DA&H	✓	✓					
CQC Action / Improvement Plan	DA&H	✓	✓	✓				
Data Quality – Analytics Feasibility	Corporate	✓	n/a					
Programme & Project Management	DPS	✓						
RIPA	DL&A	✓	✓					
SFVS - 21/22 Analysis and follow up	DCYP&L	✓	✓	✓				
Transitions - CQC	DA&H	✓	✓					

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Grants 2022/23								
Contracted Public Bus Services	ADHTP	n/a	n/a	n/a	n/a	n/a	n/a	Complete
Supporting Families Q1 claim	DCYP&L	n/a	n/a	n/a	n/a	n/a	n/a	Complete
Supporting Families Q2 claim	DCYP&L	n/a	n/a	n/a	n/a	n/a	n/a	Complete
Supporting Families Q3 claim	DCYP&L	n/a	n/a	n/a	n/a	n/a	n/a	Complete
COMF Grant declaration	DF&SS	n/a	n/a	n/a	n/a	n/a	n/a	Complete
BSOG	ADHTP	n/a	n/a	n/a	n/a	n/a	n/a	Complete
Highways DFT Funding Grant Declaration	ADHTP	n/a	n/a	n/a	n/a	n/a	n/a	Complete

Annexe 1

Overdue 'High Priority' Management Actions

School Traded Services - Reasonable			
Observation: Strategy			
There is no agreed strategy in place on how to grow School Traded Services income and reach the £500,000 income target within 3 years.			
Risk: School traded services income will not meet the assigned income targets			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Strategy to be formed & communicated	30.07.21	30.09.22 31.01.23	The Education and Skills strategy will be in effect from Jan 23 and the Service Plan drawn up by Head of Service – Commercial and Contracting and the associated Development Plan from the Traded Services for Schools Manager.

IT Assurance Mapping - Reasonable			
Observation: Microsoft Azure Security Configuration Assessment			
The results of the Microsoft Azure Security Configuration assessment are documented in the “WSCC Review PowerON CA MFA” report. To address some of the issues in this report we were provided with an email discussion on the results and evidence of the implementation of geographic conditional access and enforcement of the use of multi factor authentication. However, there is no evidence of governance over the management of all the results of this assessment such as a risk or strategic fit assessment, the assignment of resources and time bounding of actions.			
Risk: Security configuration weaknesses are not addressed. Value is not obtained from the commissioned work.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Modification of TDA (Technical Design Authority) ToR to reflect widened formal governance scope as the decision-making body within IT Services.	29.04.22	30.06.22 31.03.23	This action will be considered and addressed as part of the Council’s IT and Digital Strategies that will be developed over the next 6 months. These action relates to the proposed twin track governance framework within IT - TDA (inc. VMG feeding in – Vulnerability Management Group) and Digital Design Authority.

Working Time Directive - No assurance**Observation: Opt out status**

The WSFRS Working Time Policy states: *'If the employee agrees to work in excess of 48 hours per week, for whatever reason, they must sign an Opt-Out Form without coercion or enforcement. This should be done as a matter of course for those on more than one contract of employment, whether for WSFRS or another employer.'*

We found in our testing that signed opt out forms were not consistently held on employee files or, where held, forms were out of date; we also found that opt out recording in FireWatch was inaccurate.

Risk: If Employees working over 48 hours a week on average have not signed an opt-out agreement, then WTR are breached.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Opt out status Workstream to address this through contacting all staff to confirm opt out status.	30.10.22	28.02.23	A gap analysis of opt out status has been undertaken, and a large proportion of data cleansing has been undertaken as a priority before contacting staff to confirm opt out. Contact with all staff will be made by the end of February 2023.

Observation: Secondary Employment

The Working Hours SOP states: *'Pay & Employment Services (PES) - 3.1 Keep records of Night Workers, any workers who work nights and workers with multiple employments, whether with WSF&RS or not.'* Payroll Services (Capita) advised that they do not keep records as stated in the Working Hours SOP.

The Working Hours SOP also states: *'Employees will advise their line Manager of all external employment, all hours worked and any substantial changes.'* 'Other Employer' details are recorded in Firewatch. From testing, some records within FireWatch were found to be incomplete and inaccurate.

Risk: WSFRS does not have accurate information of employees with more than one job and may be in breach of the Working Time Regulations.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Secondary Employment workstream to address this through contacting all staff to confirm secondary employment status.	30.10.22	28.02.23	A gap analysis of secondary employment has also been undertaken. Due to the above data cleanse, the planned communication to staff has been delayed. Contact with all staff will be made by the end of February 2023.

Grenfell Action Plan - Reasonable**Observation: Lack of communication regarding actions dependent on other forces**

The control room for West Sussex Fire and Rescue Service is part of a joint control room with East Sussex Fire and Rescue Service and Surrey Fire and Rescue Service. The control room is based in and led by Surrey Fire and Rescue Service (SFRS), and as such there are four actions that relate to control room command and require input and updates from SFRS. As part of audit testing, we noted that these four actions had not been updated on the tracker and were showing as red rated. No updates have been provided by SFRS and this issue has been escalated to WSFRS management who sit on the JFC.

Risk: Inaccurate reporting to the NFCC and Home Office. Actions are not actively monitored and deadlines for completion are not met.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
This will be picked up through the JFC Tactical Governance group lead by Area Manager Protection. A process will be developed within this group to allow for information to be made available in line with WSFRS Grenfell Assurance Board and the SFRS GTI project plan.	31.08.22	31.01.23 31.03.23	WSFRS has been given verbal assurance by Surrey Fire & Rescue Service that these four actions have been completed by Joint Fire Control. A follow up meeting has been arranged with SFRS to get assurance from the appropriate level that these actions have now been fully completed. WSFRS has an ongoing exercising and operational assurance (OA) process which monitors how each of these actions have been embedded into the service. The adoption of each action will continue to be monitored through ongoing operational assurance processes and recorded in the OA Change Group.

Climate Change Strategy - Reasonable**Observation: Departmental Lead Manager**

There is commitment from the Executive Leadership Team regarding the achievement of the Climate Change Strategy aims, there are no designated officers in each department with responsibility for promoting and ensuring their directorate considers and embeds climate in day-to-day activity.

Risk: Climate change not fully embedded and targets not achieved

Management Action	Original Due Date	Revised Due Date	Latest Service Update
ELT to consider allocating senior responsible officers in each directorate to lead ensuring that departmental business plans include specific CCS delivery plans, ensure cross WSCC collaboration and report progress and any issues preventing delivery to the Climate Change Board	30.09.22	31.01.23	We are due to go to cabinet briefing again in January 2023 (the timing being driven by a number of things but primarily by the anticipated results of an external funding bid for a major delivery activity which is expected in January '23), this will involve going to ELT prior and to Climate Change Board at which time we will raise this issue; highlighting where there is no identified SRO &/or barriers to delivery.

Annexe 2

Overdue 'Low & Medium Priority' Management Actions (December 2022)

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
S75 Governance	Apr 2021	Limited		1	30.06.21	31.03.22 31.03.23
				1	31.03.22	31.03.23
Cyber Security (Risk Treatment)	Jul 2021	Reasonable		1	31.12.21	30.09.22 31.03.23
Home to School Transport	Nov 2021	Reasonable		1	31.12.21	30.09.22
Annual Governance Statement	Nov 2021	Reasonable		1	30.09.22	28.04.23
WSFRS Fleet Management	Nov 2021	Reasonable		1	31.03.22	31.03.23
Special Schools Funding Thematic	Nov 2021	Reasonable		1	31.03.22	31.03.23
				1	31.03.22	31.03.23
			1		31.03.22	31.03.23
			1		31.03.22	31.03.23
WSFRS Operational Training	Jan 22	Limited		1	28.02.22	30.09.22 28.04.23
Firewatch	Jan 22	Limited		1	31.03.22	01.04.23
WSFRS Risk and Business Continuity	Mar 22	Reasonable		1	01.11.22	28.02.22
				1	01.11.22	28.02.22
				1	01.11.22	28.02.22
				1	01.11.22	28.02.22
IT Assurance Mapping	Apr 22	Reasonable		1	30.06.22	30.06.23
Information Governance – GDPR	May 22	Limited		1	30.09.22	31.01.23
				1	30.09.22	31.01.23
				1	30.09.22	31.01.23

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
Equality Impact Assessments	May 22	Limited		1	31.07.22	28.02.22
				1	30.09.22	28.02.22
				1	30.09.22	28.02.22
				1	30.09.22	28.02.22
Climate Change Strategy	Jun 22	Reasonable		1	30.09.22	31.12.22
Working Time Directive	May 22	No		1	31.08.22	28.02.22
Adults Advocacy Service Contract Management	Sep 22	Limited		1	31.10.22	30.11.22 31.12.22
Company Governance Framework	Oct 22	Reasonable	1		30.11.22	31.12.22
HR Policy / Decision Making	Nov 22	Limited		1	30.11.22	28.02.23
				1	30.11.22	28.02.23
				1	30.11.22	28.02.23
				1	30.11.22	28.02.23
				1	30.11.22	28.02.23
Total			3	30		